



Belmont Redevelopment Agency

## **STAFF REPORT**

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### **Economic Development Implementation and Finance Options**

#### **Honorable Chair and Board Members**

##### **Introduction**

This report presents to the Redevelopment Agency (RDA) Board several important decisions surrounding two issues: Belmont's future economic development strategy and the use of its redevelopment powers. Staff believes these two items are profoundly inter-related – an economic development (ED) campaign may need significant RDA funds to move forward, and many possible RDA projects have economic development overtones. This memo asks the Board to do the following:

- Review the current status of RDA spending plan, as approved April 2002
- Review the economic development strategy options, as presented Nov. 2003
- Approve a recommended ED strategy, based on suggestions from the March 2004 ED summit
- Approve a revised RDA spending plan

##### **Economic Development and Redevelopment**

As indicated above, staff believes that these two areas of action have significant overlap and should be considered in tandem. To provide support for this argument and to provide a foundation for additional discussion, staff has summarized the overall goals of the RDA and the City's economic development strategy report, below:

RDA Goals (from 1981 Los Costanos Redevelopment Plan)

- Provide a more diversified and stable economic base
- Provide a safe, more efficient, and economical movement of persons and goods
- Provide assistance to residents in the improvement of their homes and provide additional housing opportunities (LMI fund)
- Provide additional employment opportunities for residents
- Create, conserve and protect natural areas and environmental qualities
- Strengthen and improve the existing economic base of the City
- Minimize the displacement of any homeowner, renter or business

Economic Development (from ED Strategy Report, Oct. 2003)

- Cultivate a diverse economy
- Promote retention and expansion of existing businesses
- Strengthen Belmont's role as a center for arts and education
- Augment retail and service industries
- Enhance overall quality of life

As can be seen, there is significant commonality between these two sets of goals. Since the RDA is a set of financing and development tools, it is the City's single most important resource for fulfilling any economic development agenda. However, it is not the only financing option available to the City, and it may be best considered within the array of resources which may support an economic development program.

## Resources

Among the various tools to implement any economic development efforts, financial resources are of the greatest concern. Money provides broad flexibility to the RDA in implementing ED strategies (whereas land, for example, is limited in supply, difficult to acquire and fixed in character and location). Consequently, staff is first concerned with how much and what kinds of funds are available. We have identified the following sources of funds, with a brief description of their attributes and limits:

- **Redevelopment Capital Projects Fund (Bond Sale Proceeds)** – This fund is derived from the sale of tax-increment revenue bonds, and may be spent on a wide variety of planning and capital projects. The projects must be located within the designated redevelopment project area.<sup>1</sup> The unencumbered balance of the RDA General Fund is approximately \$5,800,000.
- **Redevelopment Low / Mod Housing Fund** – This fund originates from the 20% set-aside earmarked to create and retain affordable housing. It may be spent anywhere in the City and its balance is approximately \$4,000,000.
- **City of Belmont General Fund** – The City may spend General Fund money on economic development without limit. However, the General Fund supports a wide variety of other public activities and any ED program would have to compete with a number of existing police, recreational and infrastructure maintenance activities. The General Fund balance is \$1,700,000.
- **Private Development Sources** – Property owners and developers have access to private capital to fund economic development activities, including business retention and development, building improvements and land development. The availability of private funds could be anywhere from \$200,000 to \$100,000,000, but is essentially unlimited.
- **Assessment Districts** – The City can partner with property owners to create assessment districts to fund specific ED projects. Assessment districts – including Business Improvement Districts (BID's) – can be used to tax a designated neighborhood of property owners for street furnishings, code enforcement, publicity, lighting, drainage, traffic controls and many other activities. The amount that could be raised by assessment districts cannot be predicted in advance, but could range from \$100,000 to \$2,000,000 or more.

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<sup>1</sup> Most of Belmont's commercial lands, including all of 'downtown' Belmont, are located in the Los Costanos Redevelopment Project Area, with the notable exceptions of the retail area at Ralston Avenue and Alameda de las Pulgas (Carlmont) and the office development on Davis Drive.

- **Grants** – The State of California and the United States Department of Commerce each have programs aimed at helping communities improve their local economy. While many of these programs are directed at poorer areas, some may be available to Belmont. Staff scans for ED grants continuously; however, the amount available cannot be known in advance.
- **Donations** – Major donations are typically awarded to public needs that are not adequately met by general taxes alone. While this means that traditional ED activities are not high on the list of donor interests, certain related activities (e.g. the arts, public and private schools, Belmont Library,) would be attractive to donors. The available amount is unknown.

In addition, there is an administrative fund for redevelopment / economic development:

- **Redevelopment General Fund** – This is a separate fund from the RDA Capital Projects Fund and is derived from a loan by the City of Belmont. It may be used for a limited number of administrative activities in support of RDA capital projects. It does not maintain a balance, but is provided with \$495,000 annually for administrative expenses.

#### **Redevelopment Capital Improvement Program (FY 03 thru 07)**

One of the largest sources of funds over which the City has direct control is the RDA Capital Projects Fund. As noted above, this fund is supported by the sale of revenue bonds – most of which were sold by the Agency in 1999 – and must be used for capital and other projects (not for on-going administrative operations). In April 2002, the RDA Board adopted a five-year (2003-07) Capital Improvements Program (CIP) for the 1999 bonds, (attached as Exhibit A with the background memo as Exhibit B). Since the CIP was adopted, some changes have occurred, which are shown in the revisions column below:

	2002 CIP	2004 Update	Comment
<b>Sources</b>	\$7,600,000	<b>\$7,840,000</b>	Updated to FY 2004
<b>Committed Projects</b>			
City Hall	0	<b>2,040,000</b>	Not part of original CIP
<b>Current Projects</b>			
Utility Undergrounding	\$1,050,000	<b>250,000</b>	Project to use Rule 20A funds <sup>2</sup>
Plaza / Old County Road	1,000,000	<b>1,200,000</b>	Updated costs from staff
Façade Improvements	1,000,000	<b>645,000</b>	\$45,000 spent in first 2 years
LMI Reimbursement	450,000	<b>485,000</b>	Updated to 12/31/03
Block 4 Specific Plan	200,000	<b>0</b>	Project not initiated
Street Improvements	300,000	<b>0</b>	Project not initiated
<b>SUB-TOTAL</b>	<b>\$4,000,000</b>	<b>\$4,620,000</b>	
<b>State Take-away (ERAF)</b>		<b>450,000</b>	(comments withheld)
<b>Available</b>	<b>\$3,600,000</b>	<b>\$2,770,000</b>	

<sup>2</sup> Assumes that Old County Road undergrounding is funded by Rule 20A funds (\$1.85 of \$2.10 million). Additional RDA Funds will be needed if Rule 20A funds are reserved for other undergrounding projects.

As can be seen, two significant variable are raised by this chart: First is whether to fund the Old County Road utility undergrounding largely with Rule 20A funds (increasing the RDA funds available for other downtown projects) or use RDA money (reserving Rule 20A fund for other undergrounding projects: Upper Ralston Ave., Alameda de las Pulgas, etc.) In this case the Council / RDA is asked to weigh the value of undergrounding elsewhere in Belmont versus doing additional economic development / redevelopment in the project area.

Second is whether to proceed with the Plaza / Old County Road project as currently designed. Since the park project was prepared in 2001 – 02, the City has studied the area around the CalTrain station resulting in the identification of other use opportunities – retail / public space, for example. The Council / RDA may choose to reconsider the use of the Plaza Park area and return the \$1.2 million dollars to the larger pool.

If RDA undergrounding costs are minimized, but Plaza Park goes forward, the Agency would have about \$2.8 million dollars for other redevelopment projects. In addition, the Agency has the opportunity to secure additional funds, as described in the next section. Following a review of the economic development strategy options described below, staff will offer a revised CIP for the Board's consideration and adoption.

### **Extension of the RDA Debt Authority**

Staff does not yet know the direction the City will elect to take on economic development / redevelopment. However, we believe that the Agency should preserve one important option for future planning and projects: Extension of the RDA's debt authority. At present, the RDA may not issue any more revenue bonds, as the authority to do so expired January 1, 2004. However, the City Council may amend the Los Costanos Redevelopment Plan to re-open a ten-year window for issuing new debt. Staff estimates that this would provide the opportunity for securing an additional \$10 million, although an exact number has not been calculated for this memo. Nevertheless, staff believes this would be a prudent move as it could more than triple the funds available for economic development and redevelopment programs in the downtown area. This subject has been placed on the City Council's April 13, 2004 agenda for consideration and action.

### **Economic Development Implementation Options**

Over one year ago, Belmont began a comprehensive, long-range effort to improve the performance of the local economy. Whether identified as downtown revitalization, economic development or redevelopment (and all of these labels have been during the course of our work) the underlying goal appears to be to foster a diverse, growing and appropriate local economy. We have completed a number of important tasks to help take this goal from idea to action:

- A Vision Statement helped define what is appropriate to Belmont's character
- A report researching Belmont's economy, including current conditions, surrounding context and development opportunities.
- An economic summit allowed the community to weigh in on which implementation strategies it found most suitable or appealing.

With this background, the RDA Board can make informed choices about which economic development / redevelopment activities it wishes to pursue.

Staff has created a menu of options to assist the Board in its decision. This menu is derived from the ballot presented at the January 24, 2004 economic summit (Exhibit C). As the Board may recall, we invited an array of stake-holders, from Commissioners to property owners to citizen committee members, to rank the implementation options (final tally attached as Exhibit D). Staff also broke down the results by stakeholder groups (Finance Commission, Arts Commission, property owners, etc.) to see if any patterns were revealed at the sub-group level (sub-group tallies are available in the Planning Department). On the following page, the top fifteen or so selected implementation options are organized by group (for descriptions of the options, see Exhibit C).

In reviewing the balloting, staff offers the following observations:

1. There is a lot of overlap among the choices offered on the ballot. Numerous study options were presented on slightly different aspects of downtown economic development and redevelopment. It cannot be known if this caused any confusion among respondents as they were asked to select among a variety of similar study topics.
2. Of the 52 ballots, half were from property owners.<sup>3</sup> These are both residents and owners of commercial / industrial property, who do not have membership in one of the decision-making groups participating in the summit (such as the Commissions or the Chamber of Commerce). Representing 50% of all ballots, this is a significant group. However, it has not been analyzed in more detail to determine how voices within the group – residents or business owners, for example – might rank the alternatives.
3. Among all ballots, projects that involved further study or long-range planning ranked highly. Specific projects included updating the General Plan; planning downtown for higher density housing / mixed-use, urban amenities, and pedestrian-friendly shopping; planning El Camino Real corridor for urban amenities; and evaluating the City's regulatory system. Why these projects were repeatedly identified over more direct actions, such as supporting local business or adding / expanding arts and education programs is not known. It could be that such efforts are seen as setting the stage for a more intensive and active downtown – or it could be a way to avoid such actions by simply studying them some more.
4. Finding new revenue-making opportunities among traditional retail goods and services was a very high priority for property owners, causing it to rank first among all ballots. This suggests that creating a healthy local retail base is important – and that that base should be composed of goods and services that serve the existing community (and perhaps, also, light tourism).
5. Creating a dedicated economic development staff position (or contracted resource) was ranked highly by the decision-maker groups, but was a low priority for property owners. This may be evidence that decision-makers recognize the need for such staff to implement ED projects, but it also suggests that the community in general is not yet convinced of the need.

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<sup>3</sup> The other half of the ballots included members of the Finance, Planning, Arts, and Recreation & Parks Commissions, City Council, Economic Development Strategy Committee and Chamber of Commerce. These are labeled “decision-maker” groups in this report.

**TALLY OF BALLOTS – ECONOMIC DEVELOPMENT SUMMIT / JAN. 24, 2004**

<b>All Respondents (52 ballots)</b>	<b>Prop. Owners (26)</b>	<b>Finance Comm (4)</b>	<b>Planning Comm (5)</b>	<b>Arts Comm (3)</b>	<b>ED Committee (5)</b>	<b>Ch. of Comm (5)</b>
<b>Find new revenue-making opportunities: Apparel, retail, dining</b>	Find new revenue-making opportunities: Apparel, retail, dining	Create ED staff	Study City permit process	Create ED staff	Create ED staff	Study zoning for higher density, mixed-use, TOD; Downtown
<b>Update General Plan</b>	Develop gateway at Ralston/OCR	Study City permit process	Provide guides/ maps	Provide guides/ maps	Study City permit process	Study amenities, connections for Downtown
<b>Study higher density/mixed-use; Ralston/ECR</b>	Study ped-friendly shopping for Downtown	Study higher density/mixed-use; Ralston/ECR	Study higher density/mixed-use; Ralston/ECR	Study feasibility of arts center	Study amenities, connections and land use for ECR	Market façade program
<b>Study amenities, connections for Downtown</b>	Evaluate City regulations	Study ped-friendly shopping for Downtown	Update General Plan	Study feasibility of public art fund	Study feasibility of arts center	Create ED staff
<b>Create ED staff</b>	Study amenities, connections and land use for ECR	Study amenities, connections for Downtown	Market façade program	Market façade program	Study higher density/mixed-use; Ralston/ECR	Study City permit process
<b>Study amenities, connections and land use for ECR</b>	Develop gateway at north ECR	Update General Plan	Create ED staff	Add/expand education and arts facilities	Update General Plan	Study higher density/mixed-use; Ralston/ECR
<b>Market façade program</b>	Market façade program	Evaluate City regulations	Find new revenue-making opportunities: Apparel, retail, dining	Evaluate City regulations	Market façade program	Contact key land owners
<b>Evaluate City regulations</b>	Study higher density/mixed-use; Ralston/ECR	Find new revenue-making opportunities: Apparel, retail, dining	Study amenities, connections and land use for ECR	Study amenities, connections and land use for ECR	Add/expand education and arts facilities	Study ped-friendly shopping for Downtown
<b>Study ped-friendly shopping for Downtown</b>	Contact key land owners	Study amenities, connections and land use for ECR	Study feasibility of arts center	Develop public arts program	Evaluate City regulations	Study streetscape improvements
<b>Study zoning for higher density, mixed-use, TOD; Downtown</b>	Study amenities, connections for Downtown	Improve access to Twin Pines Park	Create City/ NDNU group to study University dev't/arts issues	Improve access to Twin Pines Park	Find new revenue-making opportunities: Apparel, retail, dining	Update General Plan
<b>Contact key land owners</b>	Update General Plan	Buffer residential areas	Study zoning for higher density, mixed-use, TOD; Downtown	Study possibility of City shuttle	Provide business support	<i>Several items tied for next place – see Exhibit K</i>
<b>Develop gateway at Ralston/OCR</b>	Provide business support	<i>Several items tied for next place – see Exhibit G</i>	Contact key land owners	Redesign City and Chamber web-sites for arts/education	Study zoning for higher density, mixed-use, TOD; Downtown	
<b>Study feasibility of arts center</b>	<i>Several items tied for next place – see Exhibit F</i>		Study ped-friendly shopping for Downtown	Study amenities, connections for Downtown	Study possibility of City shuttle	
<b>Provide business support</b>			Develop public arts program	Update General Plan	Develop support for active redevelopment	
<b>Study streetscape improvements</b>			Study amenities, connections for Downtown	<i>Several items tied for next place – see Exhibit I</i>	Study amenities, connections for Downtown	
			Develop gateway at Ralston/OCR		Study streetscape improvements	

6. Updating the General Plan was a higher priority for the decision-making groups than for the property owners group. City planning staff and the Council have discussed this issue several times over the past two years, leading to the recent decision to defer the update for at least one year. The larger community seems to agree, but decision-making groups still believe it to be an ED priority.
7. The property owners group identified two “gateway” projects – at Ralston / Old County Road and at the north end of El Camino Real - as important priorities, while neither ranked even moderately among the decision makers. Combined with the reasonably high ranking for the façade program (which also ranked highly with decision-makers) the choices of the property owners may indicate a preference toward improving the physical appearance of downtown.
8. The City’s permit process continues to receive attention from both property owners and decision-makers. This topic has also received a good deal of attention in recent years, with the preparation of the Management Partners study, the opening of the Permit Center and the reform to Single Family Design Review regulations. Staff cannot determine what underlies the continued attention to the City’s regulatory environment, but we believe that the more substantive administrative fixes are already in place. What remains to consider is if the City’s regulatory policies need adjustment to foster a more business-friendly outlook.
9. Not surprisingly, the Arts Commission ranked arts and education-related programs high. However, the Planning Commission and ED Committee also ranked such programs moderately highly.
10. Among these preference lists of fifteen or so priorities, the need to develop support for active redevelopment was identified only once – and only at the lower range by the ED Committee. This is a very important result, because staff believes that if any significant change is to be introduced into Belmont’s downtown, it can only be achieved with the assemblage of smaller lots through condemnation / eminent domain. If active redevelopment is not desired, than the community may be either unprepared for significant improvements to downtown, or simply uninterested in it.

### **Strategy Alternatives**

Based on the balloting and the observations identified above, staff has crafted five economic development strategy alternatives. These alternatives organize the dozens of implementation options identified over the past year into specialized topics:

- **Planning for the Future of Downtown**
- **Supporting Business Growth and Development**
- **Dressing up the Boulevards**
- **Making City Government Business-Friendly**
- **Building an Economy Around Arts and Education**

These topics suggested themselves to staff as appropriate to Belmont based on the BAE report, the dialogue that occurred in 2003 with the ED Committee and the balloting from the January 2004 ED summit. Each is described in more detail, below:

### *Planning the Future of Downtown*

With all the study options highly ranked by summit participants, staff believes that a long-range downtown planning effort is high on the community's mind. As noted above, we cannot be sure why this is the case, but its own implementation would answer that question. A long-range planning effort could involve a General Plan update; however, staff believes that most appropriate product of this alternative would be:

- A new Downtown Specific Plan.

This plan would address all the issues raised by the study options, including higher density / mixed-use / transit-oriented development (TOD), shopping districts, pedestrian connections, street design, public spaces and public art. The plan would also test the interest and willingness of the community to authorize active public involvement in land development through eminent domain and other RDA tools. Staff believes that a well-qualified planning and design firm should prepare the new plan, under the initial guidance and direction of the RDA Board and with a citizens advisory committee.

### *Supporting Business Growth and Development*

Improving the performances of existing local businesses and attracting new, complementary businesses was probably the second most popular option among all summit groups. The activities which would implement this objective are:

- Finding new revenue-making opportunities for local-serving retail
- Marketing the façade improvement program
- Contacting key land owners
- Providing business support

The Belmont Chamber of Commerce has offered a more detailed description of such activities (see Exhibit E). Implementation of a business-support program can involve outside organizations, such as the Chamber and NDNU, in-house ED staff and / or contract consultants.

### *Dressing up the Boulevards*

Visible enhancement of the downtown streets was deemed an important goal for economic development. This should be considered a separate program from the long-range study of downtown since it can focus on immediate image and appearance issues.

A number of options are:

- Developing "gateway" projects at significant entry points
- Marketing the façade improvement program
- Underground overhead utilities (currently being planned)
- Enforcing property maintenance, sign, parking and other regulations (currently programmed)

Staff believes that these are direct and visible means to bring renewed attention to downtown, although their benefit to improved economic performance should not be oversold. A better-looking downtown would not be expected to significantly raise the profits of businesses. It should more accurately be viewed as one part of a larger strategy to improve property values, accommodate the desires of residents and shoppers, and send positive signals to prospective new businesses.



### *Making City Government Business-Friendly*

Notwithstanding the City's recent efforts to improve our permitting process, there remains significant concern in the community that Belmont's regulatory environment needs work if it is to foster economic development. The following options would be included:

- Evaluate City regulations
- Study City permit process

Staff asserts that while continued administrative improvements must be undertaken, future reforms, if any, will shift to the policies of the City regarding zoning (land use), design review and signs. The recent action to allow cabarets in the C-1 and C-2 zones is only a hint of what businesses may wish put on the table for consideration. Staff believes that the planning resources exist in-house to work with the City Council on this project, but the voice of business – through the Chamber or a 'blue-ribbon' committee – must also be sought.

### *Building an Economy around Arts and Education*

For Belmont, the opportunity to exploit niches in the region's economy is limited. The City possesses no special advantages over other locations for most growing industries, such as biotechnology. However, it is recognized that the City already hosts an array of arts and education services beyond what the City consumes. These two areas offer unique economic development opportunities – which have been shown to provide direct and indirect economic benefits, while enhancing the community's social and cultural life. The following activities would address them:

- Add / expand education and arts facilities
- Provide business support (for specialized arts and education agencies and firms)
- Study the feasibility of an arts center
- Study the feasibility of a public art fund

A coordinated effort between the RDA, the Arts Commission and existing arts and education organizations could implement a variety of support activities. A feasibility study of an arts center would require outside expertise.

### *Making Choices*

In deciding on an actual ED strategy, the RDA Board may choose one or more of above options, mix and match among them, identify other options or reject the ED approach altogether. If the Board does decide to proceed on economic development / downtown redevelopment, staff recommends selecting an appropriate mix of several options, rather than relying on any single approach.

### **Recommendation**

In this report, staff has attempted to show that the RDA has significant and potentially unlimited resources to conduct a substantial economic development strategy. It has approximately \$2.8 million in its RDA capital projects fund (plus about four million in its low and moderate-income housing fund). If the council also extends the debt authority of the Agency, the total funding directly available to the RDA could exceed sixteen million

dollars. In addition, the Agency could work with property owners and developers to bring in substantially more money to activate Belmont's downtown and its local economy.

With unlimited funds there is unlimited choice – and if the Agency is interested in working as an active partner with property owners and developers, it could do everything listed on this report – from studying (and even building) an arts complex, to creating a denser, mixed use downtown. However, even if the Agency wanted to do everything identified in this report, it could not do everything at once. Staff believes that the Agency's limited experience in economic development to date suggests that the future begin with smaller implementation successes and a careful study of larger programs. With these thoughts in mind, staff recommends the following mix of activities:

- Planning for the Future of Downtown
  1. Authorize the preparation of a new Downtown Specific Plan, directing staff to prepare a scope of work for review by the Agency, with an estimated cost of approximately \$250,000
- Supporting Business Growth and Development
  1. Authorize staff to prepare a Scope of Services for specific business support activities. Included in this scope would be options for how to secure the necessary expertise to provide business support, including:
    - a. Contracting with the Belmont Chamber of Commerce, including possible participation of NDNU, at an estimated annual cost of \$50,000 to 100,000.
    - b. Recruiting an in-house economic development specialist, with an estimated annual cost of \$150,000 (full-time salary & benefits).
    - c. Hiring specialized consulting services for targeted programs, with per program costs ranging from \$10,000 to 100,000.
- Dressing up the Boulevards
  1. Direct the staffs of the Parks & Recreation, Public Works and Community Development Departments to prepare "gateway" designs for north El Camino Real and Ralston / Old County Road intersection, at an approximate cost of \$50,000, plus construction costs.
  2. Direct staff to develop an active marketing program for the Façade Improvement Grant, at approximately \$10,000, plus actual grants.
  3. Direct staff to prepare a targeted code enforcement program for the downtown area, at an approximate cost of \$5,000, plus on-going enforcement costs.
- Making City Government Business-Friendly
  1. Convene a 'blue-ribbon' committee of business and civic leaders to review the City's regulations and other policies, at an approximate cost of \$40,000, plus implementation costs. (This project could be assigned to the in-house ED staff person or contracted out.)

- Building an Economy Around Arts and Education
  1. Direct staff and the Arts Commission to prepare a program to identify business support activities targeted at the arts community for review by the RDA, at an approximate cost of \$25,000, plus implementation costs. (This project will likely need contracted expertise.)

As can be seen, most of these actions are for further study and investigation. However, several of them are intended to yield some quick results:

- Business support activities could yield direct results in the form of new / expanded retail tenants or development proposals for vacant properties, through the Chamber of Commerce, an in-house ED staff person or specialized consultants.
- “Gateway” projects could be constructed within two to three years.
- An effective marketing program could yield more façade improvements within one to three years.
- Targeted code enforcement programs could result in improved appearance of the commercial areas within six months.

Other programs could yield results in the medium term:

- A study of regulatory reform could see changes to the City’s code within one to two years, with local businesses benefiting in three to five years.
- An arts-oriented business support program could yield a more vibrant arts economy in three to five years.

Finally, the Agency can set the stage for long-term change:

- A new Downtown Specific Plan could provide guidance for revamping downtown Belmont over the next five to twenty years.

A recommendation for any economic development strategy should include some discussion of how to evaluate the effectiveness of its programs. The Board should be able to understand how programs may increase local retail activity, increase local employment or increase property values. Yet, we have not attempted to quantify these benefits at this time.

Staff suggests that to the extent possible, each of the recommended programs be developed to include an estimate of the economic benefits expected to be created. This type of analysis may not always be possible (for example, on the “gateway” projects), and rarely is it a perfect science. But staff believes it would be a useful effort to assist the Board and the community in understanding what to expect from its programs and how to effectively allocate the RDA’s resources over time.

### **Fiscal Impact – A Revised Redevelopment Spending Plan**

Based on the above, staff recommends an updated RDA Capital Improvements Program (FY 05 through 09) and RDA General Fund plan, shown on the next pages. The proposed plans include the following differences from the currently approved plans:

1. Deletions from RDA CIP:
  - a. Plaza Park project – \$1,200,000
  - b. Street Improvements – \$1,000,000(Either project may be reconsidered after completion of the Specific Plan.)

2. Alterations to RDA CIP:
  - a. Utility Undergrounding – Reduce from \$1,050,000 to \$250,000.
  - b. Façade Improvements – Reduce annual funding from \$200,000 to \$150,000
  - c. Replace Block 4 Plan with Downtown Specific Plan – Increase from \$200,000 to \$250,000
3. Additions to RDA CIP:
  - a. City Hall Reconstruction – \$2,080,000
  - b. Gateway Improvements – \$750,000
  - c. Arts Business Support Plan – \$425,000
  - d. State ERAF takeaway - \$450,000
4. Additions to RDA General Fund (Administration):
  - e. Business Support Activities – \$375,000
  - f. In-House ED Staff – \$750,000
  - g. Analyze City Regulations – \$40,000

### Proposed RDA Capital Improvements Plan for FY 05 through 09

Project	Amount	FY 05	FY 06	FY 07	FY 08	FY 09	Total
Utility Undergrounding Improvements	\$ 250,000	\$ 50,000	\$ 200,000				\$ 250,000
Façade Improvements	760,000 <sup>3</sup>	160,000	150,000	\$150,000	\$150,000	\$150,000	760,000
LMI Fund Reimbursements	485,000	485,000					485,000
State ERAF takeaway	450,000	450,000					
Downtown Specific Plan	250,000	175,000	75,000				250,000
Gateway Improvements	750,000 <sup>4</sup>	150,000	300,000	300,000			750,000
Develop Arts Business Support	425,000 <sup>5</sup>	25,000	100,000	100,000	100,000	100,000	425,000
<b>Project Totals</b>	<b>\$3,370,000</b>	<b>\$1,495,000</b>	<b>\$825,000</b>	<b>\$550,000</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$2,920,000</b>
<b>Sources Available (Revised)</b>	<b>\$5,800,000</b>	< This is the total Capital Fund balance of \$7.84 million, less the City Hall project of 2.04 million.					
<b>Undesignated</b>	<b>\$2,430,000</b>	< This is the balance of the Capital Fund available for all other investments and capital projects (Plaza Park, land assembly, development agreements, etc.)					

<sup>3</sup> Includes \$ 10,000 for marketing program in FY 05.

<sup>4</sup> Includes \$600,000 for construction costs (est.) in FY 06 and 07.

<sup>5</sup> Includes \$100,000 annually for support projects (est.)

### **Proposed RDA Administrative Plan (Annual General Fund Expenses)**

<b>Project</b>	<b>Annual Expenditure</b>	<b>Total cost over 5 years</b>
Business Support Activities	\$ 75,000	\$ 375,000
In-House ED Staff	150,000	750,000
Analyze City Regulations	40,000	40,000 <sup>6</sup>
<b>TOTAL</b>	<b>\$255,000</b>	<b>\$1,165,000</b>

<sup>6</sup> This project is a one-time expenditure to be completed in one year

### **Conclusion**

It is recognized by staff that the issues raised by this memo are both substantial and complex. The Board's decision to adopt a strategy for economic development and redevelopment may seem equally daunting. It should be noted that the recommendations do not require urgent action, but are presented for your review and consideration. We are prepared to conduct further research as may be desired by the Board to allow for adequate discussion and deliberation.

### **Attachments**

- A. Approved 2002 RDA Five Year Capital Improvement Program
- B. Staff Memo – RDA Capital Improvement Program (August 2001)
- C. Ballot – Economic Development Summit (January 24, 2004)
- D. Final Ballot Tally – Economic Development Summit
- E. Chamber Proposal of Business Support Services of commerce.

Respectfully submitted,

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Craig A. Ewing, AICP  
Community Development Director

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Jere A. Kersnar  
Executive Director